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**XXXXXXXX VS. XXXXXXXXXXXXX XXXXXXXX**

**CASE NO. RCV 1234567**

**DEPOSITION SUMMARY OF JEFF MCDONALD**

**JANUARY 2, 2003**

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**END OF TRANSCRIPT.**

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**EXAMINATION (RESUMED) BY MR. JONES:**

133:12 135:3	DISCUSSIONS WITH EDWARD AND DAN DANIELS RE DEVELOPMENT OF PARADISE HOMES	In connection with his appraisal, McDonald met with Dan Daniels and Edward Daniels, principals of Paradise Homes ownership group, to obtain a better understanding of the history, activities, and thinking of the owner/developers in relationship to the property during their involvement. Since those principals are developers of property like the subject, meeting with them gave him insight into how a really intimately involved developer looks at the property. It helped him understand how they chose to develop the property and how, absent the freeway, they believed they would have handled that development. If the County had not taken property to build the freeway, the Daniels' had planned to obtain the entitlements and develop the property in the same way as they developed the remainder property, i.e., primarily almost all single-family residential with some multifamily and commercial development.
135:4 137:10	KNOWLEDGE LEVEL AND EXPERIENCE OF DAN AND EDWARD DANIELS AS DEVELOPERS	Edward and Dan Daniels are developers who were involved in developing other properties. McDonald does not have a list of other properties that they were involved in developing. He does not know the number, size, or geographical location of their other properties. He thinks they were primarily involved in residential development. He found the Daniels' to be conversant with development practices and standards, with knowledge similar to other developers he knows and speaks to about projects. He believes the information they provided was credible in terms of the highest and best use of the property. In forming his opinion of the highest and best use, he relied in part on their opinions as to what would be feasible uses for the property.

137:11 139:4	VALUE OF COMMERCIAL VERSUS RESIDENTIAL PROPERTY AS OF MAY 2005	As of the 5/00 date of value, in the highest and best use context, McDonald considered the commercial use on the subject property in the after condition to be a lesser use than single-family residential. In the before condition, he subtracted various acreages from the gross area to determine 335 net acres. He subtracted additional areas for public perimeter streets and unknown additional core streets, absent a specific plan. The 18 acres was based on the after condition of about 35 acres of core streets that run through in the area of the subject, minus the preexisting street area of about 17 acres. He could not be certain of the exact acreage until someone does a precise subdivision plan for the entire property in the before condition. That would never happen because of the freeway project.
139:5 140:20	EXHIBIT 208 / TOTAL ACREAGE DEVOTED TO STREETS IN BEFORE VERSUS AFTER CONDITION	In the after condition, the net acreage is about 285, about 50 acres less net of streets. The 335 acres in the before condition was also net of streets. McDonald would not necessarily expect that the area to be devoted to streets would be something less for a smaller parcel, because core streets have to reach and serve all boundaries of the property, which remain essentially the same. The 17 acres of existing streets that serve the property in the before condition include Fifth Avenue, 19th Street, 25th Street, and Longridge Avenue, which runs north/south between 26th and 27th [McDonald indicates on Exhibit 208].
140:21 142:22	EXHIBIT 208 / SUPPLEMENTS TO EXISTING STREETS AND ADDITION OF CORE STREETS IN AFTER CONDITION	Re Exhibit 208: existing Fifth Avenue is about 1,000 feet long and 66 feet wide. 19th Street was the same in both the before and after, i.e., 34 feet by 4,600 feet. McDonald calculated that the existing streets that serve the property total about half of the 35 acres needed in the after condition. The existing streets need to be supplemented both on the perimeter and in the form of core streets going through the project. 16th Street, which borders the property on the north, measures 66 feet by 3,800 feet. The subject property has the use of the full width, which was the basis of his calculation. Excluding a very short step going east from Campus Avenue, 16th Street is not improved. The northerly boundary of the property is the southerly line of 16th Street. McDonald already excluded 16th Street in determining the net area of the property in the before condition.

142:23 146:14	EXHIBIT 208 / ACREAGES DEDUCTED FROM 402 ACRES IN BEFORE CONDITION / STREET ACREAGE	In order to determine 335 net acreage for his valuation calculation, McDonald subtracted certain things from 402 acres. He deducted 18 acres for additional streets, 1.72 acres for the fire station, 7.4 acres for additional open space, and 40.32 acres for a basin and open space. Those deductions did not include the 17 acres of existing streets. He did not value the existing 19th Street at \$150,000 per acre. To obtain his \$84 million, he valued 335 acres at about \$150,000 per acre. The 402 acres does not include any portion of either the existing 16th Street, Campus Avenue, Fifth Avenue, 19th Street, or James Place. Re Exhibit 208: his 402 acre calculation also excluded the right-of way for the north/south street near the easterly border of the property.
146:15 147:6	BREAKDOWN OF 18 ACRES FOR STREET WIDENING AND ADDITIONAL STREETS	In determining net acreage, McDonald excluded 18 acres for additional street areas, part of which would be needed to widen Campus, 16th, and 19th Streets. He did not break down the amount required solely for widening those streets. He did not have an engineer plot out various scenarios to determine how much would be devoted to public streets.
147:7 148:18	EXHIBIT 210 – PARCEL ACQUISITIONS MAP / EXHIBIT 208 / REMNANT PARCEL	Exhibit 210, a Parcel Acquisitions Map, is basically the same as Exhibit 208, but purports to show the various parcels that are being acquired. McDonald assumes the outline in green designates the freeway permanent acquisitions. He believes it is accurate, based on the right-of-way maps he has seen. He did not say that the 14,615-square foot triangular remnant parcel depicted between the green showing the freeway and the lines for the MWD ownership was worthless in the after condition, because theoretically, fee property rights have some value, even if it is a nominal one that is lost in the rounding. He does not think that remnant has significant economic value after the taking and improvements in the manner proposed. He included it as part of the severance damage.
148:19 150:9	VALUE OF REMNANT PARCEL	Re Exhibit 210: McDonald believes the property owners should be paid the full value of the remnant triangle, even though they will retain the title to it. For all intents and purposes, it is unusable for any of the reasonable economic uses it had in the before condition. Such value was lost in the after condition. Any theoretical use is speculative, due to shape problems with the site. The parcel has a nominal value, i.e., a “de minimus value” so small that it would be lost in rounding, but it is not valueless.

150:10 152:19	VALUATION OF PROPERTY IN AFTER CONDITION ABSENT 16TH STREET STORM DRAIN	McDonald analyzed the after condition of the property, but assumed the 159th Street Storm Drain was not part of the project. His overall opinion of the after condition analysis of the value of the remainder is different if the storm drain and its impacts are considered. Re bottom of pg. 62 of his report: his first step in looking at the property after the takings was to calculate the value of the remainder after the takings. On pages 62-71, he went through the exercise of valuing the property based on primarily a net usable area, without considering the storm drain. That approach considered a change in highest and best use for part of the property from residential to commercial. Considering use changes, he reached a value conclusion of \$74 million, which yields a damage figure of \$1 million by reason of changing use.
152:20 153:24	CALCULATION RE LAND VALUE WITH NO REGARD TO 16TH STREET STORM DRAIN	McDonald also considered the land lost to flood control, increased drainage costs, contamination costs, and the value of the remnant parcel in the after condition. The existence of the remnant parcel and its isolation is a fact without regard to whether the 16th Street Storm Drain was part of the project. The valuation of the property in the after condition disregarding impacts from the 16th Street Storm Drain, but solely by reason of the change in the highest and best use, is \$74 million, including the remnant as part of the after condition remainder.
153:25 155:17	EXHIBIT 211 – CHRONOLOGY OF EVENTS RE FLOOD CONTROL AND DRAINAGE ON SUBJECT PROPERTY	Exhibit 211 (Bates Nos. RL 01927 – 998) is a set of documents reflecting a chronology of events in the history of flood control and drainage relative to the subject property, which McDonald obtained from Johnson. He does not know who prepared the chronology, which he reviewed along with other documents as background re the history of drainage and flood control issues and ultimately, development of the 16th Street Storm Drain. If he had not reviewed Exhibit 211, his opinions would not be any different.

155:18 1997 PURCHASE OF  
157:1 SUBJECT PROPERTY /  
ARM'S LENGTH  
TRANSACTION

The Santa Susanna Partners, now known as Paradise Homes, acquired the subject property in 1997 in an arm's length transaction, i.e., neither the buyer nor the seller had a relationship that influenced either the selling or buying decision or the price. Because of the very limited marketing of the property and the way the price was set, McDonald would not call it an open-market transaction. One operative of the selling entity made it known that the property was available to potential buyers rather than listing it with a major firm and exposing it that way.

158:2 STIPULATIONS  
159:7

[Stipulation that the deposition transcript will be completed and mailed out within ten business days to counsel for Paradise Homes for Santa Susanna Partners. Witness will review and sign and return transcript in time for February 2, 2003 trial date.]

**END OF TRANSCRIPT.**